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Monthly Statistical Report

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ESTIMATED U.S. PETROLEUM BALANCE

SUMMARY

Total domestic products supplied rose 305 thousand B/D (2.0%) in September over last year's level. For the third quarter as a whole, deliveries were 124 thousand B/D, or 0.8%, higher than in the corresponding quarter last year. Both gasoline and kerosine jet fuels were year-to-year gainers in the September and third quarter periods; distillates experienced a slight downturn in September but rose minimally for the third quarter as a whole; residual fuel oil fell during September and for the third quarter.

Total crude oil production fell slightly in September, in part because of some hurricane-related interruptions in production, but Alaskan output was again higher than last year. Third-quarter production exceeded output during the same period last year by about 40 thousand B/D. Unsettled market conditions continued to hold down import levels; purchases fell about 470 thousand B/D below year-earlier levels in September and 355 thousand B/D in the third quarter. Mainly as a result of import declines, inventories also fell below last year's levels, finishing September some 79 million barrels, or about 7.3%, lower than last year.

PRODUCTS SUPPLIED[1/]

Exhibit I traces the deseasonalized quarterly movement of deliveries for major products and total domestic products supplied since 1983; an accompanying graph (Exhibit II), which also plots changes in real GNP, indicates the short-term link of product demand trends to economic events during the past several years, when petroleum prices were generally in a downtrend; the influence of the economy on petroleum demand was muted between 1979 and 1981, however, by the substantial run-up in prices that followed the early-1979 supply disruption caused by turmoil in Iran.

Gasoline

UP ALMOST 4% OVER SEPTEMBER 1984.

The level of gasoline supplied rose 241 thousand B/D (3.7%) in September over year-earlier levels, and, even when adjusted for added blenders' volume not included in last year's data, is still more than 3% ahead of last year's. For the third quarter, deliveries, as adjusted for blenders' volume, were only slightly more than 2% ahead of last year, a somewhat greater increase, however, than for the first half of the year. We estimate that the increase in volume attributable to the change in the reporting universe has in recent months been reduced to 15-20 thousand B/D, and the year-to-year increase arising from that reporting change to the 30-40 thousand B/D range.

Gasoline prices, which have been on a decline since mid-July, continued to fall throughout September. Leaded gasoline prices dropped more than 2¢ per gallon, unleaded's price over a cent a gallon. On an overall basis, gasoline prices in September, when adjusted for inflation, were slightly below last year's and about 30% below early-1981 highs.

Unleaded's share of the gasoline market, at 65%, stayed within the narrow band of the last few months, which had experienced increases in the 4% to 5% range above year-earlier market shares. Spurred by financing incentives, new car sales, a major contributor to the swing to unleaded gasolines, continued at high levels, rising almost 47% in September over prior-year levels to raise 9 months' sales to almost 9% over those in the corresponding 1984 period.

Distillates

1% LOWER DELIVERIES THAN LAST YEAR.

Deliveries of distillates fell 29 thousand B/D (1.1%) below last September's but were minimally ahead of last year for the third quarter. The major reason for September's decline appears to have been a further slackening of rail and truck traffic. Railroad traffic fell about 9% in September, and truck traffic, down about 7% in August, is estimated to have fallen at a similar rate in September, resulting in

an estimated 75-100 thousand B/D combined reduction in distillate deliveries, compared with last year's levels. On the plus side, somewhat higher deliveries than last year into depleted secondary storage are estimated to have continued into part of September, though at a much lesser pace than in August, amid a continuing recovery in wholesale heating oil prices to near-September 1984 levels.

Residual Fuel Oil

DELIVERIES DOWN 6% VERSUS LAST SEPTEMBER.

Residual fuel oil deliveries declined an estimated 74 thousand B/D (6.3%) from prior-year levels in September, and, for the third quarter, fell 107 thousand B/D (8.9%). For the year to date, deliveries are about 224 thousand B/D, or almost 16%, lower in 1985 than during the corresponding 1984 period.

Residual fuel oil prices rose some $2 per barrel in September over average August prices. They have now regained about half the $7-$8 per barrel decline experienced during the product's price slide that followed the early-March settlement of the U.K. coal strike.

Natural gas prices, amid continuing uncertainty as to the fate of proposed changes in purchase obligations, transportation and pricing rules, have been on a downward drift, spot market transactions generally experiencing the largest declines. Bureau of Labor Statistics data indicate, for example, that producer prices for natural gas, though up fractionally for the last month reported, were, on average, some 4-5% lower in recent months than last year. While these moves indicate that the overall price gap between natural gas and residual fuel oil prices has widened, the September year-to-year decline in resid deliveries was nevertheless considerably smaller than decreases experienced in the preceding three months. It appears likely that the industrial sector may have accounted for about two-thirds of September's lower delivery levels as a result of prompt switching to natural gas in the face of rising resid prices. For seven months of 1985, however, the estimated 150 thousand B/D (28%) year-to-year fall in resid deliveries to the electric utilities is still the largest sectoral decrease, representing more than 55% of the total year-to-year decline in resid deliveries. Though electricity production was up about 2% during that period, petroleum continued to lose market share to alternate fuel sources, reducing its share of total input for electricity generation from more than 5% to about 4%.

Kerosine Jet Fuel

UP ALMOST 5% IN SEPTEMBER AND NEARLY 4% FOR THE 3RD QUARTER.

Deliveries of kerosine jet fuel rose 48 thousand B/D (4.9%) in September, exceeding the million B/D mark; they were ahead of last year by 3.7% and 2.7% for the third quarter and the year to date, respectively. "Miles flown" year-to-year increases gradually became smaller as 1985 progressed, and a decline apparently occurred in June, in part because of the United Airlines strike. However, preliminary data indicate that subsequent months experienced strong air traffic levels. As a result, we estimate that third quarter traffic was 3 to 4% above last year's already substantial levels.

Other Oils

ABOUT 2% HIGHER THAN LAST YEAR'S LEVEL IN SEPTEMBER.

Shipments of other oils are estimated to have been 89 thousand B/D (2.3%) above last year in September. For the third quarter as a whole, delivery levels were also slightly higher (38 thousand B/D or 1.0%). The year-to-year sales decline in the chemical industry may have come to a halt, or even been reversed, in the third quarter, contributing to the slight improvement in "other oils" deliveries. As a consequence, we estimate that petrochemical deliveries, which had been trailing last year's levels by almost 50 thousand B/D for the first 7 months of the year, may have exceeded August and September 1984 levels by about 10 thousand B/D to average some 350 thousand B/D during the past two months.

Road oil and asphalt deliveries were an estimated 27 thousand B/D (7.7%) greater than last year during the first 7 months of 1985, and little change is believed to have occurred since. Allocation of highway funds in March has seemingly not yet made itself felt to any meaningful degree, and fiscal 1986's funds release was approved only recently. Delivery increases so far this year instead were mainly the result of significant state and local budget allocations.

For the first seven months of 1985, liquefied petroleum gas deliveries of close to 1.6 million B/D were about 1% ahead of last year. Prices for natural gas liquids have risen in recent weeks, but are still significantly below last year's levels. Normal butane and isobutane experienced the largest price increases, perhaps 8% - 10%; ethane and propane prices rose at lesser rates.

Small decreases occurred in deliveries of other products, such as lubricants, which experienced an 8% decline during the first seven months of the year.

(In millions of B/D)	SEPTEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1985	1984	% Change	1985	1984	% Change
—Total domestic products supplied	15.6	15.3	2.0	15.7	15.8	(0.8)
—Motor gasoline supplied	6.8	6.6	3.7	6.8	6.7	2.1
—Distillate fuel oil supplied	2.6	2.7	(1.1)	2.8	2.9	(0.7)
—Residual fuel oil supplied	1.1	1.2	(6.3)	1.2	1.4	(15.7)

SUPPLY[1/]

Total supply was 416 thousand B/D below September 1984's, essentially as a result of a 470 thousand B/D drop in imports; total domestic supply rose minimally.

Production

DOWN SLIGHTLY IN SEPTEMBER.

Crude oil production was 15 thousand B/D (0.2%) below last year. For the third quarter as a whole, production was up about 40 thousand B/D (0.4%). For the year to date, production has risen about 56 thousand B/D (0.6%).

Alaskan production increased about 110 thousand B/D in September, solely as result of higher Kuparuk output, while lower 48 output fell about 125 thousand B/D, in part because of hurricane-reduced operations.

The attached Exhibit III traces production changes in Alaska and the lower 48 since January 1983, when oil prices were decontrolled. Lower 48 production has made a positive contribution to slowly-rising volume since mid-1983, though the current year's net increase resulted from higher Alaskan output.

Imports/Exports

PETROLEUM IMPORTS DOWN 9% VERSUS LAST SEPTEMBER; EXPORTS UP ABOUT 4%.

Total imports fell 470 thousand B/D (9.0%)in September amid continuing price uncertainty, the decrease split about evenly between crude oil and product imports. The third quarter's imports decrease of 355 thousand B/D was the result of a 250 thousand B/D decline in crude oil imports and a 105 thousand B/D decline in product imports, the latter caused mainly by a roughly 130 thousand B/D drop in residual fuel oil imports.

After recovering partly during the spring from substantial early-year declines that had resulted from uncertainty as to the degree and timing of world market price adjustments, import levels again started to slide, as market volatility continued. As a result, with domestic demand rising slightly in the third quarter, domestic production relatively stable, but imports some 7% below last year, inventories fell. While residual fuel oil imports were below last year's level again in September, the decrease was smaller than in prior months. Distillate imports decreased by an estimated 145 thousand B/D, as prices in Europe continued to be above U.S. levels. Gasoline imports (including gasoline components) are estimated to have been 30-40 thousand B/D below last year's. The drop is the net result of a more than 50% decline in leaded gasoline imports and a close-to-30% increase in imports of unleaded gasolines. Attached Exhibit IV provides detail of quarterly imports, by major categories, since 1979.

Exports of petroleum products have not varied significantly during the past few years. Table I lists average annual exports by major category for the 1982 through 1984 period, and a comparison of seven-month results for 1984 and 1985.

Table I
Annual Exports
by Major Category (mbd)

	1982	1983	1984	Jan-July 1984	Jan-July 1985	Change 7 mos. 1985/1984 Vol.	(%)
Residual Fuel Oil	209	185	190	150	196	46	+30.7
Petroleum Coke	156	195	193	203	177	-26	-12.8
Distillates	74	64	51	46	50	4	+8.7
All Other Products	140	131	107	105	113	8	+7.6
Total Products	579	575	541	504	536	32	+6.3
Crude Oil	236	164	181	185	202	17	+9.2
Total Exports	815	739	722	689	738	49	+7.1

Note: Figures rounded independently

It should be noted that shipments to and from the U.S. Virgin Islands and Puerto Rico are treated as imports and exports, respectively, by the Department of Energy, whose figures are cited above. Of total crude exports of some 180 thousand B/D in 1984, about 115 thousand B/D were shipped to the U.S. Virgin Islands and more than 20 thousand B/D to Puerto Rico. A portion of the remainder of crude oil was shipped to Canada, which, in turn, fills regional U.S. supply needs under long-standing trade agreements. For similar reasons, about 35 thousand B/D of petroleum products were shipped to Mexico in 1984, a country from which we imported about 659 thousand B/D of crude oil and 89 thousand B/D of petroleum products that year.

Inventories

DOWN 9 MILLION BARRELS FROM AUGUST LEVELS.

The roughly-9-million barrel September decline in inventories contrasts with an historical increase more than twice its size. The decrease was partly due to a close-to-7 million barrel drop in crude oil inventories, as refiners apparently deferred replenishment of such inventories in the face of often-sizable daily price fluctuations. Gasoline stocks fell almost 3 million barrels from August levels; they normally rise slightly in September. Distillate stocks rose about 1½ million barrels, far below historical September levels. Lower distillate imports were partly responsible. Distillate production, which had been below last September's level early in the month, likely because of hurricane-related shutdowns, gradually picked up in mid-month; by month end, production was more than 260 thousand B/D greater than at the beginning of September, but total September output was still about 135 thousand B/D below last September's level.

Operations

UP ALMOST 2 POINTS FOR THE THIRD QUARTER.

September's refinery utilization rate was very close to last year's, despite early-month outages in major southern-U.S. refining centers as a result of hurricane Elena, which penalized production rates. For the third quarter as a whole, utilization continued to be ahead of last year, rising about two percentage points over the like 1984 period, essentially because of a close-to-400 thousand B/D decline in operable capacity. For the year to date, utilization is also slightly ahead of the corresponding nine-month-1984 average.

(In millions of B/D)	SEPTEMBER ESTIMATES			YEAR-TO-DATE ESTIMATES		
	1985	1984	% Change	1985	1984	% Change
—Total supply	16.0	16.4	(2.5)	16.0	16.5	(2.9)
—Crude production[2/]	9.0	9.0	(0.2)	8.9	8.9	0.6
—Crude oil imports[3/4/]	3.1	3.3	(7.1)	2.9	3.2	(9.8)
—Product imports	1.7	1.9	(12.4)	1.8	2.0	(12.3)

1/ Total supply, i.e., production plus imports adjusted for net stock change is equal to total products supplied from primary storage. Total products supplied from primary storage less exports is equal to total domestic products supplied. Information contained in this report is derived from information published in the API Weekly Bulletin and is based on historical analysis of the industry. All data reflect the most current information available to the API and include all previously published revisions.

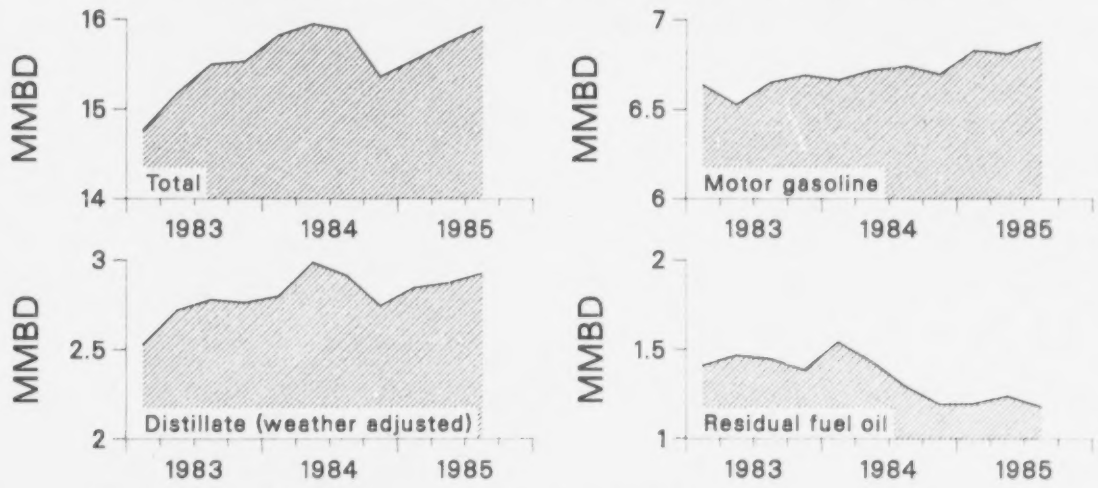
2/ Includes lease condensate.

3/ Beginning with January 1977, the U.S. Department of Energy began reporting crude oil imports as of the date of importation. Previously, this data, with the exception of Canadian crude imports, was reported as of the date it was received at the refinery. This change may affect both the level of crude oil imports and crude oil stocks. API estimates of these data may, therefore, differ slightly from those of the U.S. Department of Energy.

4/ API data do not include crude oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR (according to the U.S. Department of Energy, the SPR held approximately 489 million barrels as of September 30, 1985.

Exhibit I

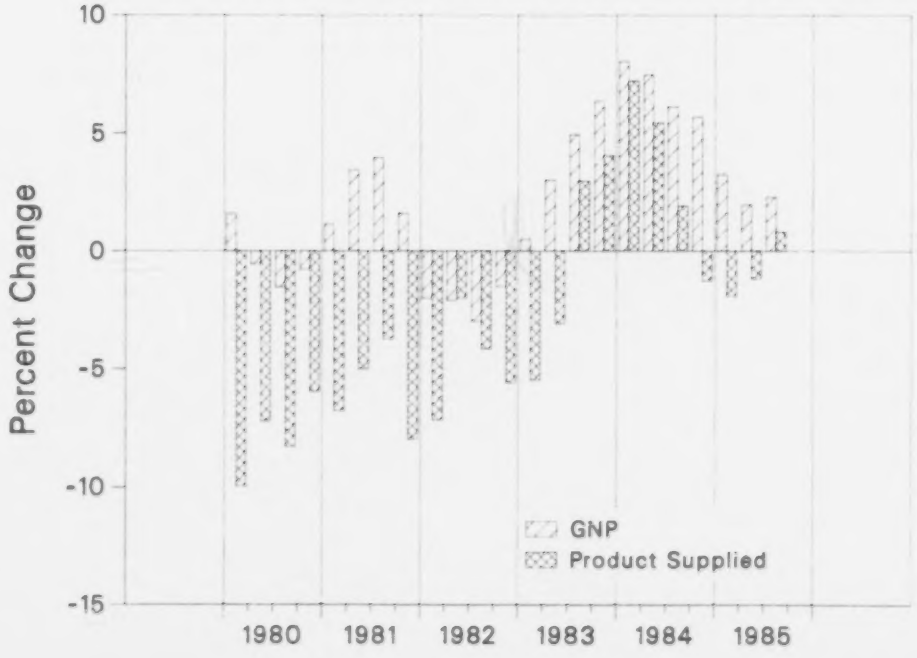
SEASONALLY ADJUSTED PRODUCT SUPPLIED



Sources: Department of Energy, American Petroleum Institute

Exhibit II

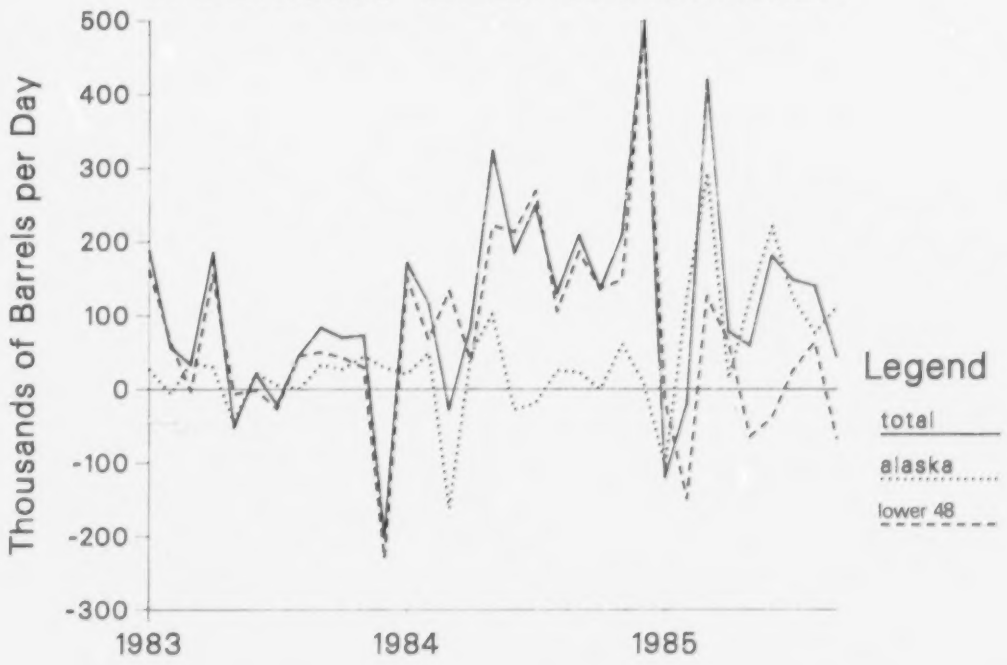
YEAR-TO-YEAR CHANGE
GNP AND TOTAL PRODUCT SUPPLIED



Sources: Department of Commerce, Department of Energy, American Petroleum Institute

Exhibit III

Year-to-Year Changes in Domestic Crude Oil Production



Source: Dept. of Energy and American Petroleum Institute

Exhibit IV

IMPORTS OF CRUDE AND MAJOR PRODUCTS BY QUARTERS

Note: Motor gasoline includes blending components.
Sources: Department of Energy, American Petroleum Institute

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	SEPTEMBER			YEAR-TO-DATE		
	1985[1]	1984[2]	% Change	1985[3R]	1984[2]	% Change
Products Supplied:						
Total motor gasoline	6,829	6,588	3.7	6,835	6,692	2.1
Finished leaded motor gasoline*	2,389	2,615	(8.6)	2,478	2,765	(10.4)
Finished unleaded motor gasoline*	4,440	3,973	11.8	4,357	3,927	10.9
Naphtha-jet	227	230	(1.3)	218	225	(3.1)
Kerosine-jet	1,025	977	4.9	964	939	2.7
Distillate fuel oil	2,626	2,655	(1.1)	2,834	2,854	(0.7)
Residual fuel oil	1,094	1,168	(6.3)	1,202	1,426	(15.7)
All other oils[4]	3,971	3,882	2.3	3,830	3,858	(0.7)
Reclassified[5]	- 217	- 250	(13.2)	- 213	- 204	4.4
Total domestic products supplied	15,555	15,250	2.0	15,670	15,790	(0.8)
Exports	691	664	4.1	731	691	5.8
Total products supplied	16,246	15,914	2.1	16,401	16,481	(0.5)
Supply:						
Domestic production:						
Crude oil[6]	8,978	8,993	(0.2)	8,919	8,863	0.6
Natural gas liquids	1,617	1,660	(2.6)	1,615	1,620	(0.3)
Other supply[7]	630	518	21.6	812	777	4.5
Total domestic supply	11,225	11,171	0.5	11,346	11,260	0.8
Imports:						
Crude oil, total	3,055[10/]	3,289[10/]	(7.1)	2,897[10/]	3,213[10/]	(9.8)
Canadian	476	319	49.2	449	326	37.7
Other	2,579	2,970	(13.2)	2,448	2,887	(15.2)
Products, total	1,673	1,909	(12.4)	1,783	2,034	(12.3)
Residual fuel oil	541	606	(10.7)	492	722	(31.9)
Other	1,132	1,303	(13.1)	1,291	1,312	(1.6)
Total imports	4,728	5,198	(9.0)	4,680	5,247	(10.8)
Total supply	15,953	16,369	(2.5)	16,026	16,507	(2.9)
Stock change, all oils	- 293	+ 455	XXXX	- 375	+ 26	XXXX
Refinery Operations						
Input to crude oil distillation units	12,122	12,475	(2.8)	12,050	12,247	(1.6)
Operable capacity	15,619	15,994	(2.3)	15,637	16,086	(2.8)
Refinery utilization (%)[8]	77.6%	78.0%	(0.5)	77.1%	76.1%	1.3
Crude oil runs	11,973	12,271	(2.4)	11,906	12,078	(1.4)

Stocks (millions bbls.)	1985		1984[2]	% Change from . . .	
	Sep. 30[9]	Aug. 31[*]	Sep. 30	Previous Month	Year Ago
Crude oil 10/	316.1	322.6r/	325.2	(2.0)	(2.8)
Unfinished oils	103.4	104.2r/	108.4	(0.8)	(4.6)
Total motor gasoline**	223.0	225.7r/	234.1	(1.2)	(4.7)
Finished leaded motor gasoline*	76.6	80.3r/	87.5	(4.6)	(12.5)
Finished unleaded motor gasoline*	110.1	110.4r/	106.6	(0.3)	3.3
Naphtha-jet	6.4	6.9	7.0	(7.2)	(8.6)
Kerosine-jet	35.8	35.5	38.0	0.8	(5.8)
Distillate fuel oil	117.4	115.9	142.9	1.3	(17.8)
Residual fuel oil	44.2	38.8	46.8	13.9	(5.6)
All other oils	156.9	162.3r/	179.3	(3.3)	(12.5)
Total all oils	1,003.2	1,011.9r/	1,081.7	(0.9)	(7.3)

1/ Based on API estimated data converted to a monthly basis.
2/ Source: U.S. Department of Energy.
3/ Source: January-July, U.S. Department of Energy, August-September, API.
4/ Includes crude losses.
5/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
6/ Includes lease condensate.
7/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
8/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
9/ Derived by interpolating API weekly stocks data.
10/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
R/ Revised.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.

ESTIMATED UNITED STATES PETROLEUM BALANCE

(Daily Average in Thousands of 42 Gallon Barrels)

Products Supplied/Supply From Primary Storage	3rd QUARTER		
	1985[1]	1984[2]	% Change
Products Supplied:			
Total motor gasoline	7,023	6,840	2.7
Finished leaded motor gasoline*	2,464	2,734	(9.9)
Finished unleaded motor gasoline*	4,559	4,106	11.0
Naphtha-jet	217	240	(9.6)
Kerosine-jet	1,011	975	3.7
Distillate fuel oil	2,584	2,572	0.5
Residual fuel oil	1,101	1,208	(8.9)
All other oils[3]	4,023	3,985	1.0
Reclassified[4]	- 208	- 193	7.8
Total domestic products supplied	15,751	15,627	0.8
Exports	695	644	7.9
Total products supplied	16,446	16,271	1.1
Supply:			
Domestic production:			
Crude oil[5]	8,935	8,895	0.4
Natural gas liquids	1,610	1,643	(2.0)
Other supply[6]	869	610	42.5
Total domestic supply	11,414	11,148	2.4
Imports:			
Crude oil, total	2,974[9/]	3,224[9/]	(7.8)
Canadian	404	303	33.3
Other	2,570	2,921	(12.0)
Products, total	1,716	1,821	(5.8)
Residual fuel oil	460	592	(22.3)
Other	1,256	1,229	2.2
Total imports	4,690	5,045	(7.0)
Total supply	16,104	16,193	(0.5)
Stock change, all oils	- 342	- 78	XXXX
Refinery Operations			
Input to crude oil distillation units	12,367	12,394	(0.2)
Operable capacity	15,655	16,040	(2.4)
Refinery utilization (%)[7]	79.0%	77.3%	2.2
Crude oil runs	12,186	12,215	(0.2)

Stocks (millions bbls.)	3rd QUARTER		
	1985[8]	1984[2]	% Change
Crude oil	316.1[9/]	325.2[9/]	(2.8)
Unfinished oils	103.4	108.4	(4.6)
Total motor gasoline**	223.0	234.1	(4.7)
Finished leaded motor gasoline*	76.6	87.5	(12.5)
Finished unleaded motor gasoline*	110.1	106.6	3.3
Naphtha-jet	6.4	7.0	(8.6)
Kerosine-jet	35.8	38.0	(5.8)
Distillate fuel oil	117.4	142.9	(17.8)
Residual fuel oil	44.2	46.8	(5.6)
All other oils	156.9	179.3	(12.5)
Total all oils	1,003.2	1,081.7	(7.3)

1/ Source: U.S. Department of Energy, July; August-September, API.
2/ Source: U.S. Department of Energy.
3/ Includes crude losses.
4/ Beginning with January 1981, U.S. Department of Energy began using a new data collection system which encompasses a method to ascertain the amount of product reclassified during the production phase. So that there will be no double counting of these volumes, they are subtracted from total domestic products supplied.
5/ Includes lease condensate.
6/ Includes Unaccounted-for crude oil, Refinery input of other hydrocarbons, and Processing gain.
7/ Represents "Input to crude oil distillation units" as a percent of "Operable capacity."
8/ Derived by interpolating API weekly stocks data.
9/ Data do not include oil imported for the Strategic Petroleum Reserve (SPR) nor crude oil stocks held in the SPR.
* Included in motor gasoline.
** Includes finished leaded, finished unleaded, and motor gasoline blending components stocks.